

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING
STATE OF MONTANA

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'05B – Memo 4
1 Attachment

DATE: February 8, 2002

TO: Centralized Services Administrators of All State Agencies

FROM: Chuck Swysgood, Budget Director
Office of Budget and Program Planning

SUBJECT: Vehicle Leasing Program - EPP

The Executive Planning Process (EPP) memorandum issued on February 8, 2002, encouraged agencies with out stationed vehicles to take advantage of an initiative started during the 1997 biennium. Agencies with vehicle replacement needs should make every effort to satisfy their requirements through leases with the Department of Transportation Motor Pool. The Motor Pool alternative transfers an agency's responsibility for vehicle maintenance and management to the Motor Pool. Additionally, enhanced efficiency and effectiveness in the management of this function should avoid the problems associated with various department vehicle management procedures that were identified by the Legislative Auditor in February, 1996.

Each agency will be guaranteed safe, reliable vehicles. They may be new or used depending on the estimated yearly mileage. The leasing agency is responsible for assuring maximum vehicle utilization within the agency. If this is not accomplished, the Motor Pool reserves the right to reassign underutilized vehicles within the agency or to another agency in order to efficiently manage the state fleet.

If you plan to have any Motor Pool lease vehicles in the 2005 biennium please complete 1 survey form for EACH vehicle requested (this may be within the same workbook) and FORWARD THIS INFORMATION TO AMY SASSANO AT OBPP BY APRIL 15, 2002. This preliminary information will be provided to the Motor Pool to allow them to prepare their EPP equipment purchase proposal to support the total requirements identified by the agencies.

Please provide in section 1 of the survey form information regarding how many and what type lease vehicles your agency currently has, which programs they are assigned to, and whether or not you plan to continue leasing the vehicles in the 2005 biennium. This section need only be completed once for the agency or a separate summary sheet may be submitted. In section 2, provide information regarding planned lease vehicles to replace current agency fleet vehicles. In section 3, provide information regarding new lease vehicles that do not replace an existing vehicle and are tied to a new proposal. Either section 2 or 3 must be filled out on a separate survey sheet for each vehicle being requested (but multiple worksheet forms may be submitted within the same workbook.)

Agencies using the Motor Pool leasing option are charged both an hourly charge and a per mile rate. The hourly charge will be established by the Motor Pool at a level which will recover costs. Motor Pool management includes vehicle purchase and replacement, responsibility for scheduled and unscheduled maintenance, liability insurance and fuel.

The following rates for FY 2003 are FOR REFERENCE ONLY. The recommended 2005 biennium rates will be determined based on the number of lease vehicle requests received from this survey. These rates will be provided for agencies to use for the August budget submission and, of course, will require legislative action.

Vehicle Class	Description	Assigned Rental Hours	Hourly Rate (FY 2003)	Per Mile Rate (FY 2003)
02	Small Utilities	2920	1.600	0.022
04	Large Utilities	2920	2.335	0.056
06	Passenger Cars	2920	1.643	0.054
07	Small or Std Size Trucks	2920	1.260	0.030
11	Large 4 x 4 Trucks	2920	2.334	0.056
12	Vans	2920	1.632	0.071

If an agency requests a class 06 passenger car and estimates 12,000 miles per year, the estimated cost would be $(2920 \text{ hrs} \times \$1.643/\text{hr}) + (12000 \text{ miles} \times \$0.054 \text{ per mile}) = \$5,446$ per year. This cost is inclusive of the vehicle, liability insurance, gas, oil changes, tune-ups, etc. But, note that the rates above are FY 2003 rates and are shown here for informational purposes only. The actual proposed rates for FY 2004 and FY 2005 will be available in August for the budget preparation period.

Agencies will need to identify FY 2002 actual expenditures for vehicle liability insurance, gas, maintenance, and personal car mileage for vehicle(s) approved for replacement. Due to budget constraints anticipated for the 2005 biennium, the OBPP will be giving extra scrutiny to Motor Pool requests. More favorable consideration will be given to those requests that show an offset in other budget areas (such as those listed above) equal to the cost of the vehicle lease. These actual FY 2002 amounts will be removed in a present law base adjustment for all approved vehicles, because the expenditures will be included in the Motor Pool rates for the 2005 biennium.

Agencies intending to use the vehicle lease program that have unique requirements (e.g. light bars, heavy duty bumpers, cages) will be responsible for the costs associated with purchasing those items, maintaining those items and disposal of the items once the unit(s) are returned to the Motor Pool. In cases where these vehicle(s) with unique requirements are being underutilized, an agency will be responsible for the cost(s) related to the removal of these items if reassignment is recommended.

Lease vehicle requests should be justifiable and realistic. Requesting lease vehicles is a commitment on the part of an agency. If lease vehicles are approved by the Legislature for an agency, it is an agency's responsibility to meet the obligation to the Motor Pool.

Please contact your executive budget analyst or Amy Sassano at OBPP for any follow-up questions.

c: John Blacker, Cheryl Richman